

## **MARKETING AND REDISTRIBUTION**

### **CHAPTER 8 - DEPARTMENT OF FINANCE AND ADMINISTRATION**

#### **25-8-106. Marketing and redistribution of state personal property.**

(a) The provisions of this section shall be applicable only with respect to personal property and shall not be interpreted to apply or to affect in any way the disposition of surplus real property of the state.

(b)(1) There is created within the Office of State **Procurement** of the Department of Finance and Administration a Marketing and Redistribution Section for the purpose of promoting and insuring effective utilization of surplus state property.

(2)(A) All state agencies, boards, commissions, departments, and **colleges and universities are required, and county, municipal or other tax supported institutions are authorized** to utilize the services of the Marketing and Redistribution Section of the Office of State **Procurement** of Finance and Administration **unless specifically exempted in writing by the Director of the Office of State Procurement.**

(B)(i) Nothing in this section shall be construed to make it mandatory that county, municipal, or other local government units utilize the services of the Marketing and Redistribution Section.

(ii) **Nothing in this section shall be construed to make it mandatory that any agency, department, division, office, board, commission, or institution of this state, including state-supported institutions of higher education, utilize the services of the Marketing and Redistribution Section in the sale of surplus computer equipment and electronics to state agency employees for a price not less than ten percent (10%) above depreciated value.**

(3) The Department of Finance and Administration shall maintain adequate and accurate records of the costs for operating the Marketing and Redistribution Section and is authorized to establish fair and reasonable charges for the services of the section. The charges for services shall be deposited in the State Treasury as nonrevenue receipts, there to be credited to the Property Sales Holding Fund for the operation, maintenance, and improvement of the Marketing and Redistribution Section.

(c) The Office of State **Procurement** of the Department of Finance and Administration may maintain an inventory of furniture, equipment, and other items which shall be made available to state agencies on rental agreements based upon fair and reasonable rental values.

(d) The Department of Finance and Administration is authorized to establish a fair and reasonable fee schedule for redistributing property between state agencies upon their request.

(e) Proceeds from the sale, transfer, or rental of property by the State **Procurement** Director shall be accounted for as follows:

(1) The purchasers, transferees, and lessees of property available for such purposes as are authorized by this section shall transmit to the Office of State **Procurement** of the Department of Finance and Administration the agreed sale price, service charge, or rental fee;

(2) The Office of State **Procurement** shall deposit the full amount of proceeds received, as set out above, in the State Treasury in the manner as provided by law;

(3) Proceeds from the sale or transfer of property deposited in the State Treasury shall be classified as nonrevenue receipts and be credited to the Property Sale Holding Fund therein created on the books of the State Treasurer as a trust fund.

(A) Funds deposited in the Property Sale Holding Fund may be expended only by the selling or transferring agency under procedures established by the Chief Fiscal Officer of the State and appropriations provided by the General Assembly.

(B) However, funds deposited in the Property Sale Holding Fund from the sale of property purchased from agency cash funds may be refunded to the agency cash fund from which the original expenditure was made by the issuance of a warrant under procedures established by the Chief Fiscal Officer of the State and the Auditor of the State to be payable from appropriations provided by the General Assembly for disposition of the proceeds.

(f) The Director of the Department of Finance and Administration is authorized to promulgate reasonable rules and regulations, not inconsistent with law, for compliance with the provisions of this section, the Arkansas **Procurement** Law, § 19-11-201 et seq., and the General Accounting and Budgetary Procedures Law, § 19-4-101 et seq.

#### **19-11-242. Commodity management regulations.**

The State **Procurement** Director shall promulgate regulations governing:

(1) The sale, lease, or disposal of surplus commodities by public auction, competitive sealed bidding, or other appropriate method designated by regulation, and no employee of the Department of Finance and Administration **or member of their immediate family** shall be entitled to purchase any such commodities; and

(2) Transfer of excess commodities within the state.

***R1: 19-11-242. Agency commodity management procedures.***

***Disposition of commodities other than computers and electronic equipment.***

*(a) Resale. Marketing and Redistribution shall make available to agencies and tax supported entities commodities in serviceable condition and/or commodities of potential use by agencies or tax supported entities for a twenty-day period prior to making them available to the general public. During the twenty-day hold period commodities shall be sold to agencies or tax supported entities by Marketing and Redistribution. Commodities that historically have not sold to agencies or tax supported entities or items that are unserviceable may be offered for sale to the general public without the requirement of the twenty-day hold period. The Director may waive the 30 day requirement when he determines that such waiver is in the state's best interest.*

*(b) Transfer. Commodities that are no longer needed by an agency may be sold to another agency by submitting a written request to Marketing and Redistribution detailing the equipment description, serial number, property number, the agency the property will be sold to and the dollar value agreed upon. Written communication from the agency requesting the purchase must also be forwarded to Marketing and Redistribution indicating agreement to the transfer and the dollar value agreed upon.*

*(c) Disposal. When commodities have no scrap or resale value, a written request for disposal shall be submitted to Marketing and Redistribution, which shall then forward, within ten (10) working days, a certificate of property disposal indicating the proper handling procedure for the commodities.*

*(d) Cannibalization.*

*(1) The disassembly of an item for use of its component parts for repair or maintenance of a similar item will only be authorized if such action has greater potential value and benefit than disposal or trade-in of the item in its existing form. Authorization for cannibalization shall be approved by Marketing and Redistribution prior to any disassembly or removal of components parts. If authorized, the item will be removed from the agency's property listing by the requesting agency. Any residual material remaining after cannibalization must be processed through Marketing and Redistribution. Requests for authorization for cannibalization shall be expedited. If properly marked, authorization should be returned to agency with ten (10) working days. It is understood that there may be no residual material remaining after cannibalization, but if any, residual material must be processed through Marketing and Redistribution.*

*(2) Motor vehicles eligible to be registered for highway use (cars and trucks), whether registered or not, may*

*be cannibalized after obtaining authorization from Marketing and Redistribution. These vehicles WILL NOT be removed from the property listing until the carcass of the vehicle has been disposed of by Marketing and Redistribution. In no event shall more than ninety days (90) elapse between the authorization of cannibalization and processing of the carcass by Marketing and Redistribution. These procedures do not exempt an agency from compliance with any other requirements relating to the disposal or acquisition of motor vehicles.*

*(e) Handling of Surplus Equipment. Agencies with surplus items must contact Marketing and Redistribution to schedule a delivery or pick-up date. A Surplus Disposal Form (SDF) shall be transmitted by the agency showing the agency name, address, phone number, contact person and listing all items with serial and property numbers (if available). The property transfer request will be processed by Marketing and Redistribution when the surplus items are delivered or picked up.*

#### ***R2: 19-11-242 Auction and on-site sales***

*(A) Disposition of commodities after holding period.*

*(1) General requirements. Commodities having no foreseeable use to an agency or tax-supported entity or commodities that have completed the twenty-day hold period shall be offered for sale. Furniture or equipment may be loaned or rented to a state agency with the approval of the owning agency. The rental fee(s) less applicable handling fee(s) will be remitted to the owning agency.*

*(2) Notice required. Public notice of commodities sold by competitive sealed bid shall be given at least five days prior to the date established for the sale. The notice will include publication in any electronic or printed medium.*

*(3) Public auction.*

*(a) Public auction whether electronic or traditional may be used when deemed in the best interest of the State. Auction costs will be paid from proceeds. In a traditional auction, if proceeds do not cover the costs, the agency requesting the auction will be responsible for any expenses not covered from the proceeds. Any cost associated with an electronic auction will be covered by proceeds from the sale.*

*(b) Procedures. In a traditional auction a licensed auctioneer will be used. The solicitation to bidders shall stipulate, at a minimum: all terms and conditions of any sale, that the purchaser must remove all items purchased within a*

*stated time, and that the state retains the right to reject any and all bids. In an electronic auction items will be shipped to the successful bidder, unless the bidder wishes to pick up the item.*

*(4) Competitive sealed bidding.*

*(a) Competitive sealed bidding will be used when:*

*(i) the value of the item cannot be determined based on market value or past history of same or similar items sold; or*

*(ii) it is determined by Marketing and Redistribution that it is in the best interest of the State.*

*(b) Procedures. When surplus commodities are to be sold by competitive sealed bidding, the procedures followed shall be in accordance with 19-11-204, 19-11-228, 19-11-229 and the regulations promulgated hereunder except:*

*(i) the award shall be made to the highest bidder with the state retaining the right to accept or reject any or all bids when in the best interest of the State.*

*(5) On-site Sales.*

*(a) Definition. Onsite sales includes the process of (1) internet auctioning and (2) sale of commodities to the general public from the Marketing and Redistribution office, a satellite location and/or other agency locations when approved by Marketing and Redistribution.*

*(b) Onsite sales will be used for surplus items not purchased by other state agencies or tax supported entities.*

*(c) Procedure. Selling price will be established by Marketing and Redistribution based upon demand, condition of commodities, past experience gained from auction or competitive sealed bid sales; and prevailing retail prices for same or similar commodities in the local market.*

*(6) Negotiated sale. Negotiated sale may be used if no acceptable bids were received during the bid process and an offer is made "after the fact" for the item. Offers will only be accepted from bidders that participated in the sealed bid offering the item.*

*(7) Trade-in. Surplus commodities may be traded in when the Marketing and Redistribution Manager or Assistant Marketing and Redistribution Manager determines that the trade-in value is expected to exceed the value estimated to be obtained through the sale of the commodity less administrative expenses incurred during a sale.*

*(8) Donation. Surplus property may be donated to tax supported entities, non-profit organizations, etc. when requested in writing by the owning agency.*

*(a) Written communication must be submitted*

*identifying the equipment by name, serial number, property number, etc. to the Marketing and Redistribution Manager. The Marketing and Redistribution Manager will estimate the property value and forward the request to the Director of the Office of State Procurement for his approval/disapproval.*

*(b) The Director of the Office of State Procurement will respond in written communication to the requesting agency on a case-by-case basis.*

*(c) The requesting agency must maintain a copy of the original request for the donation and the written approval/disapproval from the Director of the Office of State Procurement for audit purposes.*

*(d) Copies of the request and approval/disapproval will also be maintained at Marketing and Redistribution.*

*(9) The Arkansas State Highway and Transportation Department may dispose of commodities without the assistance of the Office of State Procurement, but it shall comply with the procedures outlined herein for said disposition. Nothing herein is intended to prohibit the use of the Office of State Procurement for the disposition of those commodities, and the Department may request the Office of State Procurement make the disposition.*

*(10) Excess commodities in remote locations and/or property too heavy or expensive to transport to Marketing and Redistribution.*

*(a) Excess commodities that are in remote locations and/or commodities where the cost to transport to Marketing and Redistribution would be prohibitive should be reported by written communication to Marketing and Redistribution with a complete description and details of the condition of the equipment. Marketing and Redistribution will make one of the following recommendations:*

*(i) The commodity should be redistributed for state use and Marketing and Redistribution will notify agencies and/or tax-supported entities that could utilize the commodity. When the property is sold, the receiving agency will be responsible for the removal of the item(s), with the expense of moving being taken into consideration when price is determined.*

*(ii) Marketing and Redistribution will prepare an invitation for bids or authorize the agency to prepare an invitation for bids with inspection being held at the agency location.*

*(iii) A certificate of property disposal will be transmitted to the owning agency designated as follows:*

*{a} The property identified is authorized for*



*cannibalization by the Marketing and Redistribution Manager who hereby authorizes the agency to perform the cannibalization.*

*{b} The property identified is authorized for destruction by the Marketing and Redistribution manager who hereby authorizes the agency to perform the destruction.*

*{c} Property that has a material content of lead, copper, brass, iron, etc. will be disposed of by sale to a local scrap dealer(s) at local prices. Payment(s) received are to be sent and made payable to: Marketing and Redistribution with a copy of the Certificate of Property Disposal authorizing the sale.*

*{d} Property with resale value that is not feasible for transport to Marketing and Redistribution may be disposed of by obtaining quote bids "as is, where is". Owning agencies should attempt to obtain (3) bids. A copy of the bid quotes, a copy of the Certificate of Property Disposal authorizing the sale and the proceeds are to be sent and made payable to Marketing and Redistribution.*

*(4) Specialized commodities may be offered for trade-in with the trade-in price offered being forwarded in a written transmission to Marketing and Redistribution for determination of price acceptability.*

*(b) If none of the above procedures are applicable, the Director of the Office of State Procurement shall make an individual determination.*

#### **19-11-243. Proceeds from surplus commodities.**

The State **Procurement** Director shall promulgate regulations for the allocation of proceeds from the sale, lease, or disposal of surplus commodities, to the extent practicable, to the using agency which had possession of the commodity.

*R1:19-11-243. Allocation of proceeds from sale or disposal of surplus commodities*

*(A) Using agency. The allocation of proceeds from the sale, lease, or disposal of surplus commodities, less appropriate fees, will be made and deposited monthly to the using agency which had possession of the commodity.*

*(B) Fee schedule. The Office of State **Procurement** will develop a fee schedule to defray the costs of the commodity management program. The fee schedule will set forth various charges for*

*services rendered.*